



MSHDA Preconstruction Manual

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MSHDA Contact Information:

Maryanne Vukonich /
Chief Architect.....(517) 373-9478vukonichm@michigan.gov
Tom Jones /
Director, Const. Mgmt.....(517) 373-8055jonesto@michigan.gov
Ron Robinson
Chief Const. Manager(517) 373-6632robinsonr@michigan.gov
Terry Bunn
Const. Manager(517) 373-6349bunnt@michigan.gov
Larry Gilbert
Const. Manager(517) 373-7992gilbertla@michigan.gov
Etta Henderson
Housing Compliance
Officer.....(313) 456-3605hendersonet@michigan.gov



Equal Housing Lender
TTY: 1-800-382-4568



The purpose of this preconstruction manual is to provide a quick reference to the Owner, Contractor and Subcontractors, and Supervisory Architect in various aspects of the construction, disbursement and completion process for MSHDA financed housing, including the preservation and modified pass-through programs.

The manual includes information on the following topics:

- **Requirements of the Contractor**
 1. Progress Schedule (4.2.3 of General Conditions)
 2. Notice of Commencement (Section 401)
 3. Superintendent (4.7 of General Conditions)
 4. Extended Trade Payment Breakdown (pages 3 and 4 of PSD 10:001 – CD 260)
 5. Notice of Testing (18.5 of General Conditions)
 6. Disputes (14.1 of General Conditions)
 7. Subcontractors (6.2-4 of General Conditions)
 8. Reporting Requirements for Prevailing Wage
 9. Questions/Complaints about Wage and Hour Laws/Illegal workers/Civil Rights
 10. EEO Reporting
- **Requirements of the Architect**
 1. Field Reports
 2. Certification for Disbursement (PSD 10:001 - CD260)
 3. Change Orders - MF Con. 001(10/03)
 4. Warranty Inspections
- **Requirements of the Owner**
 1. Initial Survey
 2. Notice of Commencement
- **MSHDA Inspections**
 1. Purpose
 2. Inspection types
 3. Manufactured Housing
- **Disbursement Process**
 1. Required Documents (PSD 10:001 - CD 260)
 2. Survey Requirements
 3. Stored Materials (MSHDA form MF Con. 002 attached)
 4. Retainage (MSHDA form MF Con. 003 attached)
- **Change Order Process**
 1. Corrections
 2. Field orders
 3. Change orders
 4. Change order policy
- Occupancy Procedures (MSHDA form 10:006)
- Substantial Completion/Final Inspection (MSHDA form 12:002)
- Final Closing/Final Payment/Final Survey
- Warranty Inspections

REQUIREMENTS OF THE CONTRACTOR:

1. PROGRESS SCHEDULE (4.2.3. of General Conditions)

The Contractor must prepare a proposed progress schedule for the work and submit to the Supervising Architect and MSHDA. This schedule must indicate the dates for the start of construction and is to be revised as required by the conditions of work, subject to the approval of the Architect and the MSHDA Construction Manager.

2. NOTICE OF COMMENCEMENT (Section 401)

The Contractor is required to submit a *Notice of Commencement* prior to or at the time of initiating construction work to the Owner and to MSHDA's Construction Manager, indicating the date on which work commenced or the date it is anticipated to commence. This notice is separate from the Owner's required posting of a Notice of Commencement in compliance with Michigan construction lien law. The actual start of construction cannot commence until the Owner has notified the Contractor that MSHDA's lien has been recorded and the posting of the Owner's Notice of Commencement has taken place.

3. SUPERINTENDENT (4.7 of General Conditions)

A competent Superintendent and necessary assistants are to be present at the development site during the progress of the work. The Superintendent represents the Contractor and will be the primary liaison with MSHDA during construction. MSHDA will assign a Construction Manager responsible for the development. Communications given by the MSHDA Construction Manager to the Superintendent will be binding as if given to the Contractor and will be confirmed in writing at the request of the Superintendent.

4. EXTENDED TRADE PAYMENT BREAKDOWN (pp 3 and 4 of PSD 10:001-CD 260)

The Contractor must provide an extended trade payment breakdown to MSHDA prior to the commencement of construction, detailing items and amounts sufficient to depict accurate percentages of completion and material usage. This extended trade payment breakdown will be submitted as part of the monthly Application for Disbursement. A separate line shall be used for each trade or item and the compiled report shall be submitted to MSHDA's Construction Manager. The Contractor will use the main headings and item numbers used on the approved MSHDA trade payment breakdown.

5. NOTICE OF TESTING (18.5 of General Conditions)

If the contract documents, laws, ordinances, rules, regulations or orders of any public authority having jurisdiction require any work to be inspected, tested or approved, the Contractor will give the Architect and MSHDA timely notice of its readiness and of the date arranged so the Architect and MSHDA representatives may observe such inspection, testing or approval. The Contractor bears all costs of such inspections, tests and approvals unless the Contract Documents indicate otherwise.

6. DISPUTES (14.1 of General Conditions)

In the event of a claim, dispute, or any other question arising out of, or relating to the Construction Contract, the Contractor will carry on the Work and maintain the progress schedule during any proceedings to settle the dispute, unless otherwise agreed by the Contractor and the Owner in writing and approved in writing by MSHDA.

7. SUBCONTRACTORS (6.2-4 of General Conditions)

A Subcontractor or lower tier Subcontractor is a person or organization that has a direct or indirect contract with the Contractor to perform any of the Work at the site.

The Contractor is responsible to the Owner for the acts and omissions of those employed by the Contractor, including all Subcontractors, their agents and employees, and all other persons performing any of the Work.

The Contractor must pay each Subcontractor an amount equal to the percentage of completion allowed to the Contractor on account of such Subcontractor's work in accordance with the approved MSHDA construction disbursement. The Contractor shall also require each Subcontractor to make similar payments to their Subcontractors

8. REPORTING REQUIREMENTS FOR PREVAILING WAGE DEVELOPMENTS

Developments with more than 11 HOME-assisted units trigger the use of federal prevailing wage rates and rules in relation to subcontractors. A separate set of instructions is available and must be followed for these developments. For information about MSHDA's reporting requirements related to federal prevailing wages, please contact Etta Henderson at 313 456-3605.

9. INFORMATION ABOUT MICHIGAN WAGE AND HOUR LAWS/FEDERAL IMMIGRATION ENFORCEMENT/CIVIL RIGHTS ISSUES

See following sheet for commonly asked questions and referral sources.

10. EEO REPORTING

The Contractor will include EEO language from Section 15.3 in all subcontracts and must assure all Subcontractors use the same language in their contracts. The Contractor will maintain employment records using MSHDA's Monthly Utilization form MF EEO 004 (or a substantially comparable form with MSHDA approval) to compile information on its own employees, and all Subcontractors, second tier subcontractors, and material suppliers.

EEO performance is evaluated in determining future eligibility to participate in MSHDA financing programs. MSHDA reviews a Contractor's EEO performance in relation to the approved EEO plan for each development, assessing whether all feasible steps were taken to achieve the goals of the plan and documentation of a good faith effort.

- The Contractor will be responsible for reporting on workforce and Subcontractor utilization and will certify actual accomplishments in relation to the achievement of equal opportunity goals at 50% of contract completion and within 30 days after final completion.
- MSHDA will audit the Contractor's employment records and documentation of Subcontractor/material supplier workforce utilization maintained by the Contractor to confirm the Contractor's EEO accomplishments.

More frequent EEO performance reporting by the Contractor is encouraged, especially if the Contractor is seeking approval to work on other MSHDA-financed developments prior to the completion of existing contracts.

MSHDA will provide timely review of Subcontractors and material suppliers to confirm their status as a Minority-Owned Business Enterprise (MBE) or Woman-Owned Business Enterprise (WBE). EEO Forms 008-M and 008-W must be submitted to Marita Allen at MSHDA's Detroit Office, Cadillac Place, 3028 W. Grand Blvd, Suite 4-600, P.O. Box 02990, Detroit, MI 48202. Marita can be reached by calling 313 456-3588 or by email at: allenmar@michigan.gov.

REQUIREMENTS OF THE ARCHITECT

1. Field Reports

Site field visits should be conducted as frequently as needed related to the phase of construction. Reports are to be submitted to the Owner and to MSHDA's Construction Manager. A report of each construction site visit should record relevant and important observations of the Architect, including:

Development name and MSHDA number

Date, temperature and weather conditions

Purpose of visit

Presence of Superintendent

Estimate of manpower

General description of construction progress

Status of each building, if applicable

Floor by floor progress, if applicable

Items checked for conformance to plans and specifications

A detailed description of items of non-conformance, including the effect such non-conformance might have on the development

At least monthly, the computed overall percentage of construction completion

An evaluation of progress in relation to the construction schedule, with any observed or known reasons for lack of adequate progress

Problems or unusual site conditions, with solutions as appropriate

Prior to occupancy of buildings, the Architect must inspect each building to determine substantial completion and complete a punch list to be submitted to MSHDA with the permission to occupy forms (PSD 10:006).

2. Certification for Disbursement

The Supervisory Architect reviews the Contractor's Application for Disbursement (PSD 10:001 – CD260) and certifies to the following:

- a. All work and materials to be paid for in the Application for Disbursement are satisfactory and conform to the Contract Documents, and
- b. The percentage of completion for items included in the Application for Disbursement.

3. Change Orders

The Architect has primary responsibility for determining the need for and the processing of changes to the plans and specifications. See MSHDA Change order processing described later in this manual.

4. Warranty Inspections

The Architect will conduct an inspection of the Development at or about the ninth month after completion for purposes of discovering defective materials incorporated into the development or deficiencies in the work not in compliance with the Contract Documents. MSHDA's Construction Manager should be scheduled to participate in this inspection. The Architect will identify to the Owner and MSHDA all defects or deficiencies not less than ten (10) months after commencement of the warranty period.

The Architect will conduct an inspection of the developments:

- a. Heating** system during November, December or January of the first winter following completion of the development;
- b. Cooling** system during July or August of the first summer following completion of the development; and,
- c. Landscaping** during the first growing season after the completion of the development.

REQUIREMENTS OF THE OWNER

- 1.** The Owner will supply an initial survey describing the physical characteristics of the site, legal description, easements, boundaries, and utility locations.
- 2.** Notice of Commencement - The Owner will notify the Contractor when MSHDA mortgage has been recorded and the Owner has posted a Notice of Commencement in compliance with Michigan construction lien law.

MSHDA INSPECTIONS

MSHDA has assigned a Construction Manager to be the main point of interaction between the Contractor and MSHDA. The MSHDA Construction Manager is generally responsible for all construction inspections, and for the processing of draws and change orders.

1. The purpose of the MSHDA **construction inspection** process is to:

Review the development for conformance to the plans, specifications, and program requirements;

Review the development for conformance with the construction contract and schedule, and to authorize the disbursement of construction funds;

Review all work for acceptable quality;

Discuss any unusual or unanticipated condition that might adversely affect the quality of work or the schedule.

Proper MSHDA construction oversight requires that the frequency and intensity of inspections vary with various phases of work within the construction process. Preservation loans may require only disbursement inspections, depending on the scope of rehabilitation. Modified Pass-Through loans will not be inspected.

2. The following types of inspections normally will be conducted during the construction of a development:

Random Standard Inspection – examination of construction for conformance with contract documents (plans, specifications, construction schedule, and MSHDA standards of design).

Disbursement Inspection – examination of construction to accurately determine percentage of completion for the purpose of accurately determining proper disbursement (generally monthly).

Special Inspection/Testing – Review of problems and observation of mechanical equipment or other specialized systems required by the Contract Documents, which cannot be carried out in the random standard inspections.

Occupancy Inspections – Examination of living units to confirm substantial completion and to prepare a punch list of items of work uncompleted or in need of correction.

Final Inspection – Review of the development to confirm completion of construction and conformity to Contract Documents.

Nine-month Warranty Inspection – Examination of the development after occupancy for latent defects, including landscape inspections after one complete growing season

3. **Manufactured Housing:** Developments which incorporate factory built components or modular construction will be inspected more frequently during the delivery and setting of the units. Contractors must notify the MSHDA Construction Manager of any variances in the Schedule.

DISBURSEMENT PROCESS

The Contractor is responsible for initiating the Application for Disbursement (PSD 10:001 - CD260), and submitting all required documentation to the MSHDA Construction Manager. Disbursement dates for the entire construction period are generally established at the start of construction, in negotiation with the MSHDA Construction Manager.

1. REQUIRED DOCUMENTS:

PSD 10:001 - CD 260 completed and signed by owner, architect, and contractor
Copies of the Supervising Architect's *Construction Inspection Reports* covering the time period of the *Application for Disbursement*.

Test reports from independent testing laboratories for tests performed during the construction period of the Application for Disbursement for items such as soil and concrete.

Copy of title endorsement insuring the development for the total amount disbursed including the amount of the current *Application for Disbursement* (to be obtained by contractor or owner as jointly agreed).

A *Site Survey* and *Surveyor's Certificate (Legal 025)* by a Land Surveyor registered in the State of Michigan, as needed to reflect new building locations.

Underground Utilities - If payment is requested for underground utilities not visible to the Land Surveyor, provide Contractor's or utility company's drawings. At final payment for an underground utility installed by the utility company, a copy of the utility company's as-built drawings must be attached to the site survey.

Stored Materials - If payment is requested for materials stored on-site, documentation such as invoices for materials delivered to the site during the time period covered in the current disbursement request, must be attached, as well as MSHDA form MF Con. 002.

Request for Reduction of Retainage Form (MF CON 003) .

2. SURVEY REQUIREMENTS

A *Surveyor's Certificate* (MSHDA Form Legal 025) and a Survey of the property by a registered Land Surveyor acceptable to MSHDA's Construction Manager showing all improvements, including structures and utilities, must be included in the Application for Disbursement submission to MSHDA when new foundations are evident. The Contractor will furnish the survey and the Legal 025 at the Contractor's expense, to the Owner, MSHDA and the title insurance company insuring the interest of MSHDA. If payment is requested for underground and/or overhead utilities, the Contractor must obtain *as-built drawings* from the installer or installers. A copy of their *as-built drawings* should be attached and submitted with the *Site Survey* to the Owner, MSHDA and the title insurance company insuring the interest of MSHDA.